

operation of the Canadian system of redemption came into play when these notes fell into the hands of other banks, and the Commercial Bank was compelled to suspend with liabilities of \$1,344,269. The *Banque du Peuple* was compelled to reduce its capital in 1885 from \$1,500,000 to \$1,200,000, and suspended on July 16, 1895, with a circulation of about \$787,000 and with total liabilities of about \$7,500,000.

The *Banque du Peuple* closed its doors in the hope that arrangements might be concluded with its creditors which would enable it to resume business within the period of ninety days, for which continued suspension would, under the law, not constitute the bank insolvent and operate a forfeiture of its charter or act of incorporation, so far as regards all further banking operations." The notes remained steadily at par and were redeemed before October 5th, except \$150,000, for which the money was held in the bank. One of the plans proposed for reorganization was the issue of deposit receipts to depositors, payable in from six months to two years. The period of suspension passed, however, without resumption, and it appeared at the meeting of the shareholders on December 17, 1895, that overdrafts had been granted to five individuals and firms amounting to \$1,229,000, and to four of the directors to the amount of \$235,000. The depositors eventually received 75 per cent, of their claims.\*

The failure of the Ontario Bank with a capital of \$1,500,000, on October 13, 1906, was not due to unsoundness in the business of the bank, but to speculation by the general manager in the New York stock market.<sup>3</sup> Arrangements were made by which the Bank of Montreal assumed its assets and paid its liabilities to the public, several other banks agreeing to indemnify the Bank of Montreal in case of loss. The shareholders lost their entire investment, how-

<sup>1</sup>Sec. 91.

<sup>2</sup>Breckenridge, in *Quarterly Journal of Economics*, August, 1900, XIV., 543-

<sup>3</sup>H. M. P. Bickard, in *New York Bankers' Magazine* ^ February, 1907, LXXIV., 229.